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STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
JEFFREY R. VONK, DIRECTOR

March 26, 03
~~August 8, 2002~~

Mr. Glenn Curtis
Superfund Division
United States Environmental Protection Agency
901 N. Fifth Street
Kansas City, KS 66101



Mr. Ken Buchholz
Superfund Division
United States Environmental Protection Agency
901 East Fifth Street
Kansas City, KS 66101

SUBJECT: Citizens Gas and Electric Company Site, Council Bluffs, Iowa
IAD 984569093

Dear Mr. Curtis and Mr. Buchholz:

The Citizens Gas and Electric Company site was assessed by Peoples Natural Gas Company (Peoples) in the early and mid 1990s under EPA Region 7's Superfund Division Remedial Branch oversight. After assessment was completed, the site was scored utilizing the Hazard Ranking System (HRS), at which time it did not score sufficiently for NPL listing and was apparently given no further remedial action planned (NFRAP) status. There is some indication this classification was made with the expectation that there would be further voluntary action by Peoples with State oversight.

In the last couple of years, the Iowa Department of Natural Resources has gathered the following new information which indicates that conditions have changed at this site, after it was classified as NFRAP:

1. In July 1990, the Council Bluffs Area Chamber of Commerce notified the IDNR that they were targeting an area referred to as the "South Main Urban Renewal Area", which included the above site (shown in Attachment 3 to Council Bluff's Brownfields Assessment Demonstration Pilot Project Grant Application, dated December 10, 2001). Although specific plans have not been developed for the MGP property itself, the City's plan for the overall area is "significant industrial activity, public facilities, recreational opportunities, and commercial activity". This indicates a change in land use may occur in the future for this site, which is currently industrial and commercial.

2. Based upon the results of a 2000 Phase II property assessment by Pottawattamie County Development Corporation, significant coal tar contamination was noted on industrial property located east and adjacent to the site (naphthalene was detected at 6,160 ug/L in a groundwater sample). This property is located within the "South Main Urban Renewal Area" and is targeted for redevelopment by the City as "Mixed Use" and "Neighborhood Commercial".
3. Both of the above indicate the possibility for significant change in land use for the MGP and adjacent properties, along with an increased potential for worker and resident exposure to the gas plant wastes and residual gas plant contamination which remains on the site.
4. In 2002, the IDNR was notified by the City of Council Bluffs that they were planning to install sewer and water lines down South 7th Street, including Right-of-Way (ROW), which bisects the properties that formerly housed the gas plant. The city has put this project on hold pending resolution of MGP contamination liability issues. The Department is concerned that installation of the proposed utilities in the City ROW may breach old gas plant line(s) that have been verified to exist underneath the street, causing a significant release from the pipe and the gas plant structures to which it may be attached. Since this pipe is MGP-related, we are concerned that it contains coal tar or petroleum compounds. The DNR is also concerned for the health and safety of any contractor who may come into contact with these materials.
5. Aquila (formerly Utilicorp United) has verified residual PAH contamination in the City ROW from a series of geoprobe holes they installed in the ROW in 2002. The Department is concerned that this residual contamination may pose a health threat to contractors working in the sewer/water line project.
6. In June 2002, the Department received word from the City of Council Bluffs that Aquila personnel developed headaches and got sick due to something they encountered while relocating an active gas line near the MGP on 7th Street. The material they encountered had a strong moth ball odor, according to the City Engineer, which is commonly indicative of the presence of coal tar wastes. Aquila confirmed that three of their workers became ill after exposure to something in the excavation and that they reported the incident to the Council Bluffs Public Health Department. Aquila did not report the incident to the IDNR and refused to complete DNR's incident report after we became aware of the situation.

In addition, the Department is concerned about the quantity of waste materials probably remaining on site in tanks. It was estimated in the site investigation report for the site that approximately 7,000 cubic yards of source material remains buried in the known gas holder bases. We are also concerned that the extent of nonaqueous phase product at the site (light and dense) has not been fully defined.

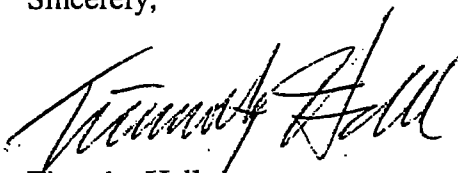
There is also a possibility that the integrity of the gas holders may have been compromised by a boring installed in 1989 by Geotechnical Services, Inc. (ST-5, installed in gas holder #2) and by a boring and bridge pilings installed by Iowa Department of Transportation in the late 1960s and early 1970s. Because of this, and our experience with manufactured gas plants in general, we are concerned that product may be leaking from these gas holders (and other buried tanks likely present onsite) and will continue to do so until the tanks' contents are removed.

Based on this information on our concerns, the Department has taken steps to identify and contact Potentially Responsible Parties (PRPs) while determining liabilities according to state law. Iowa environmental liability law is not as broad as to current property owners as under CERCLA, and Aquila is raising this issue to any state claims requiring cleanup. *See Blue Chip Enterprises, Inc. et al v. IDNR, 528 NW2nd 619, (Iowa 1995).* The Department is also trying to identify whether this site would be a candidate for removal of the NFRAP classification by EPA Region 7, based upon the new information gathered. We do not expect that the site could be reopened for consideration under the Remedial Branch of the Superfund Division, but believe that it could be a candidate for a possible Removal Site Assessment under the Removal Branch.

The Department is still in process of identifying PRPs and negotiating with Aquila as to further corrective action. We are not asking EPA to reopen the site at this time, but are asking your opinion on whether this site might qualify for reopening in the event the Department is not able to negotiate or enforce required corrective action, including removal, with Aquila and other PRPs. The Department needs to be able to credibly convey the possibility that referral to EPA is an option.

If you have any questions regarding the contents of this letter, please feel free to call me at (515) 281-8169.

Sincerely,

A handwritten signature in dark ink, appearing to read "Timothy Hall", is written over a horizontal line.

Timothy Hall
Bureau Chief